

Primary Energy
Comments on the Presentations Given on May 11, 2005 at the
Electric Policy Meeting on a Renewable Energy Portfolio Standard
May 16, 2005

Primary Energy applauds the Illinois Commerce Commission for furthering the dialogue on the Renewable Energy Portfolio Standard regarding “green tags” or Renewable Energy Credits (RECs). As noted in our earlier comments, Primary Energy believes that all types of emission-free energy, such as electricity produced by recycling industrial waste energy, should be encouraged by the RPS and that RECs should be utilized from the outset and traded separately from energy. The discussion at the Electric Policy Committee meeting on May 11, 2005, furthered the dialogue both in terms of encouraging a diverse portfolio of energy resources and the trading of RECs¹ independently of the energy.

RECs and Behind the Meter Energy Resources:

The presenters at the May 11, 2005, Electric Policy Meeting discussed RECs, supported the concept of trading RECs separately from energy and discussed the need for a broad definition of qualifying generation technologies and sources, including behind the meter energy resources. For example:

1. ComEd included in its implementation proposal the trading of RECs, initially to be banked, and included “Behind the meter renewable energy generators” as eligible resources. *ComEd’s Proposed Implementation Plan Renewable Energy Portfolio Standard, Arlene Juracek, Slides, page 8, May 11, 2005.*
2. Ameren noted in its implementation proposal that there would be no requirement on utilities to take physical delivery of RPS energy and that utilities would receive “Energy Certificates” verifying RPS energy. *Ameren Utilities’ Plan on Implementing of the Governor’s Sustainable Energy Plan, Michael Moehn, Bob Mill, Rick Voytas, Slides, page 15, May 11, 2005.*
3. Evolution Markets urged the Commission to:
 - Create a flexible RECs-based program.
 - Unbundle RECs: Trade the REC separately from the power in order to increase flexibility and market efficiency, afford greater opportunities for project developers, simplify transaction mechanisms, compliance, verification and reporting, eliminating double counting.
 - Consider allowing RECs to interface with other programs and thereby not creating an “island” for Illinois.

Evolution Markets LLC, An Overview of the Renewable Energy Credit (REC) Markets, Anna Giovinetto, Slides, pages 5, 8, and 11, May 11, 2005.

4. PJM noted the following:

¹ In addition to the presenters on May 11, 2005, other participants in the workshop process have encouraged the Commission to implement a REC trading market, including Illinois Landfill Gas Coalition (comments filed April 27, 2005, p. 1) and Citizens Utility Board (comments filed April 27, 2005, page 8).

- It is in the process of completing the Generation Attribute Tracking System (GATS), an information system that tracks regionally the environmental attributes of generation, supports reporting, compliance and verification requirements, supports a certificate (RECs) market separate from energy, and will have provisions for behind the meter generation.
- PJM can accommodate non-PJM resources and/or loads and can facilitate bilateral trades.

Generation Attribute Tracking System (GATS), Joe Kerecman and Richard Mathias, Slides 3, 4, 8, and 10, May 11, 2005.

5. MISO noted that although it has not yet developed a tracking system for RECs, it supports developing such a system. *Midwest ISO, Mike Robinson, oral presentation, May 11, 2005.*

Summary:

As the references to the presentation at the Electric Policy Meeting on May 11, 2005, indicate, trading RECs separately from energy is doable and mechanisms are already in place that could be adapted for the Illinois RPS so that the wheel need not be re-invented for tracking, reporting, compliance and verification of RECs.

Stakeholders support a broad definition of qualifying generation technologies and sources. “On-site”, “behind-the-fence”, or “behind-the-meter” generation, means the type of generation that is used on the premises and provides electricity that would otherwise have come from the grid. Its renewable attributes should be eligible to receive RECs. There are eighteen U.S. states and the District of Columbia that have adopted RPS programs. Fourteen of those jurisdictions allow for the creation and trading of RECs as a way to comply with RPS obligations. REC markets increase renewable opportunities, encourage market and technological innovation, enhance liquidity, and aid price discovery.²

The Illinois Commerce Commission has been at the forefront in creating an environment for competitive energy markets as well as for competitive telecommunications markets. We urge the Commission to continue in its innovation by adopting an RPS program that encourages emission-free energy, such as recycled energy, and adopts trading of RECs at the outset separately from the energy component.

² See, National Wind Coordinating Committee, *Design Guide for Renewable Energy Certificate Tracking Systems*.